

# **FISCAL NOTE**

## **SB 251 - HB 482**

February 28, 2003

**SUMMARY OF BILL:** Requires the Local Education Insurance Committee to promulgate rules and regulations governing the amounts paid for health insurance for any local education agency's (LEA) non-professional (non-certificated) employees, including, but not limited to nurses, teaching assistants, school secretaries, system secretaries, custodians, transportation personnel, and maintenance and operations personnel.

Each LEA would pay on behalf of each nonprofessional employee participating in the basic or optional insurance plan, as a minimum, the percentage specified in the General Appropriations Act of the premium collected on behalf of each employee. Distribution to employees would be through a flexible spending arrangement authorized by Section 125 of the Internal Revenue Code. Each fiscal year the local education insurance committee would certify the amounts to the Commissioner of Education and the Director of each LEA.

### **ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - Exceeds \$1,000,000**

**Increase Local Govt. Expenditures\* - Exceeds \$1,000,000**

Estimate assumes:

- Approximately 30% of the LEA's require support personnel to pay at least half of the premium for employee only coverage.
- Approximately 50% of the LEA's require a contribution by the employee of at least half of the monthly family premium.
- The current fiscal year's appropriation act has a requirement that the LEA pay at least 45% of the premium on behalf of teachers.
- Estimate of cost to state and local governments exceeding \$1,000,000 projects contribution requirement of 45% for support personnel (level equal to the current proportion for teachers).
- The Basic Education Program currently includes a contribution of 30% of aggregate average premium for each funded support position.
- Cost to local governments varies since LEA's percentage for health insurance premiums for support personnel varies from 0% to 90%. The cost to local governments would

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easily exceed \$1,000,000 and is dependent on the percentage of contribution requirement by the Local Education Insurance Committee.

For informational purposes, it should be noted that the cost to the state would not occur if the percentage specified in the general appropriations act for such employees is established at 30% or less.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director